

**11/29/77 [1]**

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THE WHITE HOUSE  
WASHINGTON

November 29, 1977

Frank Moore

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

TELEPHONE CALL TO SEN. HASKELL ON  
NATURAL GAS DEREGULATION

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
		JORDAN
		LIPSHUTZ
✓		MOORE
		POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

RECOMMENDED TELEPHONE CALL

TO: Senator Haskell

DATE: As soon as possible

RECOMMENDED BY: Frank Moore/Bob Thomson *F.M.*

PURPOSE: To speak with the Senator on natural gas deregulation.

BACKGROUND: Senator Haskell has notified Senator Jackson that he is thinking about giving his proxy on natural gas votes to Senator Johnston. This represents a reversal of his previous position opposing deregulation. Without Haskell, we lose 10-8 on the Senate gas conferees. If Haskell were to give his proxy to Chairman Jackson, the conferees would be split 9-9.

Senator Haskell is not likely to attend the natural gas conference since he is back in Colorado campaigning.

TOPICS OF DISCUSSION:

1. On October 5, after the natural gas filibuster ended, Senator Haskell voted against the Bentsen-Pearson amendment calling for eventual deregulation of new natural gas. The amendment was adopted 50-46. Haskell was a consistent supporter of the Administration's position on deregulation throughout the debate.
2. Figures from the Office of Energy Policy and Planning indicate that 94% of Colorado housing units use natural gas, about 497,260 homes.
3. If natural gas were deregulated, the Office of Energy Policy and Planning estimates that Colorado residents will pay \$900 million more for natural gas during the 7-year period between 1978 and 1985.

*Frank*  
*He'd be*  
*done -*  
*back next*  
*Mon*  
*I*

4. It is essential that Chairman Jackson go into the conference with the strongest hand possible in order to negotiate a compromise that is acceptable to the Administration. If the Senate conferees are split 10-8 in favor of deregulation, the Chairman's bargaining position will be substantially diminished.
5. You should ask Senator Haskell to give his proxy to Chairman Jackson rather than Senator Johnston.
6. Senator Haskell may bring up the issue of energy impact assistance which he supported and we opposed in the coal conversion conference. The Administration opposed ~~the~~ energy impact assistance in the context of the coal conversion bill, but generally favors the concept as a separate bill. The conferees adopted energy impact assistance despite our nominal opposition

Date of Submission: November 28, 1977

Action \_\_\_\_\_

THE WHITE HOUSE  
WASHINGTON

November 29, 1977

Frank Moore  
Stu Eizenstat

The attached was returned in the President's outbox and is forwarded to you for appropriate handling. The signed original is given to Frank Moore for delivery.

Rick Hutcheson

RE: LEADERSHIP -- SOCIAL SECURITY

cc: The Vice President  
Hamilton Jordan  
Jody Powell

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
	✓	MONDALE
		COSTANZA
✓		EIZENSTAT
	✓	JORDAN
		LIPSHUTZ
✓		MOORE - <i>letters to Oliver</i>
	✓	POWELL
		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

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	BOURNE
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	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE  
WASHINGTON

November 28, 1977

*Stu -  
Memo good  
Letter not  
very persuasive  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
FRANK MOORE  
FRANK RAINES

SUBJECT: Talking Points with Leadership  
on Social Security

We have met with Joe Califano on our strategy for the social security legislation and have prepared a set of talking points for use in your meeting with the Leadership tomorrow morning.

We were concerned by comments from Senator Byrd over the weekend that he did not think it possible to complete action on the social security bill this year. That concern has been eased by a report this afternoon that the conference committee is scheduled to meet this Thursday. Senator Long will be yielding the lead to Senator Nelson.

We still believe it is desirable for us to keep the pressure on for a satisfactory bill this year. We propose that you speak to the Leadership, send a letter at the appropriate time to the Speaker and the Majority Leader and possibly make a statement at your press conference. Secretary Califano will be sending a more detailed letter to the members of the committee separately. *ok*

We have attached a copy of the letter we propose you send to the Speaker and Majority Leader. Copies would be sent to the members of the conference committee. We suggest you not hand deliver the letters tomorrow morning. Frank will arrange for the Speaker or Congressman Wright to request such a letter at the Leadership Breakfast and will have the letters delivered later in the day. This request would come after your exposition of the problems with the bills. We suggest you make the following points in your discussion with the Leadership:

1. Passage of the bill this year is imperative. The elderly need confidence in the system. The political problems of voting for a tax increase will be



aggravated by delaying action into an election year. In any case, there is a tax increase of .2 in current law already scheduled for January 1978, so that there will be a public reaction whether they act or not. It is better to finish the matter now. The House and Senate bills contain many fine provisions which will improve the financial position of the trust funds. This bill will help restore public confidence.

2. General Impact. The major impact of the House and Senate bills is on workers earning more than \$16,500 and their employers. A worker earning \$20,000 each of the next ten years will pay \$849 more in taxes under the House bill and \$702 more under the Senate bill over the ten-year period than under current law. (Under the original Administration proposal the \$20,000 worker would have paid only \$186 more over the ten years.) A worker earning \$25,000 in each of those years would pay \$2768 more under the House bill and \$1014 more under the Senate bill under current law (but only an additional \$417 under the Administration proposal). The higher figures for the House bill are a result of their refusal to lift the wage base on the employer more than the employee. The Senate bill incorporates this provision but its levels are higher than our original bill because of benefit increases and the failure to use any general revenues. (For wage earners under \$20,000 there is little increase in social security taxes under any of the proposals -- the Administration's, the Senate's or the House's.)
3. However, we cannot afford the benefit increases provided in the House and Senate bills. By 1983 these provisions will add between \$7 and \$10 billion to the costs of the program. In addition, there are several additional items of unnecessary cost totaling \$2.3 billion. These benefit increases have to be paid for by people who often do not make as much as those receiving the increases. Currently the average social security taxpayer earns only \$10,812 and in 1983 will earn \$14,888. Below is a summary of these increases:
  - (a) Elimination of Earnings Limitation (House Bill \$3.7 billion; Senate Bill \$2.8 billion);
  - (b) Benefits to Blind and to those Receiving Workmen's Compensation Without Consideration of Earnings (Senate Bill \$1.4 billion);

- (c) Marriage and Divorce (House Bill \$1.85 billion);
- (d) Bi-Annual Inflation Increases (Senate Bill \$3.0 billion);
- (e) Rebates to Non-Profits and State and Local Governments (Senate Bill \$1.4 billion general revenue);
- (f) College Tax Credit and Liberalization of Veterans Pensions (Senate Bill \$2.3 billion general revenue).

Letters a-d above will require a .35 increase in the tax rate by 1983. For a worker earning \$15,000 a year this amounts to an additional tax of \$52; for a worker earning \$25,000 a year this amounts to an additional tax of \$87. The remainder of the increases for these workers are the result of providing sufficient funding for social security over the next 75 years. These amounts can be adjusted for the employees by imposing higher taxes on employers or using general revenues.

#### 4. Details of Benefit Increases

- Elimination of Earnings Limit. The House bill contains a provision which would eliminate the earnings test for retirees (not dependents and survivors) over 65 at a cost in 1983 of \$3.7 billion, increasing annually. The Senate bill increases the earnings test for all beneficiaries (including dependents and survivors) no matter what the age to \$6000 in 1979 with the amount indexed thereafter. That would cost \$2.4 billion. In addition, the Senate lowers the age where no earnings test is applied from age 72 to age 70 at a cost of \$387 million in 1983. Thus even the Senate version costs over \$2.8 billion in 1983. Only 1.2 million of 22 million people over 65 are affected by the retirement test. These tend to be higher income people. We favor some liberalization of the earnings test for retirees. We favor going to \$4500 in exempt earnings by 1979 with the more restrictive House definition including retirees only (.500 million in 1979). We would also accept the reduction from age 72 to 70 of the age at which no limit applies.
- Benefits to Blind and to Those Receiving Workmen's Compensation Without Consideration of Earnings. The Senate bill contains two provisions extending

benefits without any recognition of the earnings the recipients might have. (a) One would make blind persons automatically eligible for disability benefits no matter how much they might earn. In 1983 this provision would cost \$1.13 billion with the total rapidly increasing thereafter. (b) The other would eliminate consideration of workmen's compensation awards in calculating benefits even though the awards compensate for lost income, at a cost of \$312 million in 1983.

- Marriage and Divorce. The House bill changes the rules on marriage and divorce at a cost of \$1.85 billion in 1983. The bill reduces from 20 years to 5 years the marriage requirement for divorced dependent spouses to be eligible for benefits based on their former spouses' wages. It also allows beneficiaries to remarry without losing benefits. The problem of permitting older people to remarry without losing benefits can be resolved at a much lower cost.
- Bi-Annual Inflation Increases. In addition to these expenses is a provision which provides for twice annual cost of living increases if inflation were to hit a 8.2% annual rate in a six month period. If the increases were triggered for an entire year the cost in 1983 would be \$3.0 billion. We proposed keeping the current law provision which has annual adjustments only.
- Rebates to Non-Profits and State and Local Governments. The Senate bill contains a provision which would treat non-profit and state and local government employers far more generously than any other employers. It proposes to rebate 10% of their social security tax liability to them from the social security trust funds. This drain on the funds is supposed to be made up by appropriations from the Treasury. The cost of this provision in 1982 would be more than \$1.4 billion. While we believe some measure is justified to put these employers on an equal footing with other employers, the net effect of this provision is make a few employers virtually immune from the tax increases levied on other employers and employees. (We proposed rebating a portion of the increases caused by increasing the employer wage ceiling.)
- College Tax Credit & Liberalization of Veterans Benefits. Finally, the Senate bill contains two provisions which amend the tax code and the veterans pension program.

(a) One would provide a tax credit for college tuition. We have grave doubts whether this proposal will actually help the taxpayers or merely result in a rise in tuitions. It would cost \$1.8 billion next year. (b) The other would have the needs-based veterans pension ignore any cost of living increases in social security in calculating benefits. The veterans program is already adjusted periodically for increases in the cost of living. The cost of this amendment in 1983 would be \$521 million. Both of these are general revenue costs.

THE WHITE HOUSE

WASHINGTON

To Senator Robert Byrd

I would like to commend you and your colleagues for the progress which has been made on the social security financing legislation I proposed to Congress. I am confident that an effective and equitable bill can emerge from the conference committee.

I believe that it is very important that a social security financing bill be enacted before the end of this year. The continuing problems of the system have eroded public confidence leading many persons to fear that their benefits will not be available when they need them. It is incumbent on us to restore that confidence.

As you know, I submitted to Congress a set of proposals designed to restore the financial integrity of the social security system and keep it strong into the next century. Those measures sought to increase revenues without burdening the average worker and his employer, and reduce expenditures by correcting a flaw which caused double-indexing for inflation. I am pleased to note that the House and Senate versions of the bill incorporate many of these proposals.

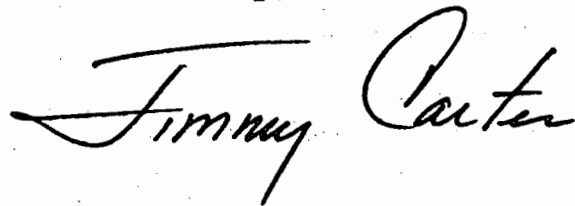
I am nevertheless deeply concerned about provisions in the House and Senate bills which would unwisely add to the tax burden borne by all workers and employers, in order to increase benefits for a relative few. These proposed

increases are all well intentioned, but we cannot afford them at the present time. The benefit increases called for in the two bills could cost from \$7-\$10 billion a year by 1983. As a direct result of these increases in expenditures the new tax rates imposed on today's already burdened workers and employers are higher than they need be.

The bill also contains a new income tax credit and an amendment to the veterans pension law which add an additional \$1-\$2 billion to the cost of the legislation.

I call upon the members of the House and Senate to join me in developing a final fiscally responsible social security financing bill which will be less burdensome to the workers and employers who must pay the taxes, and adequate to restore public confidence in the financial integrity of the social security system. Secretary Califano and his staff stand ready to work with the members of the conference committee in its deliberations.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Robert C. Byrd  
Majority Leader of the  
United States Senate  
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

To Speaker Thomas O'Neill

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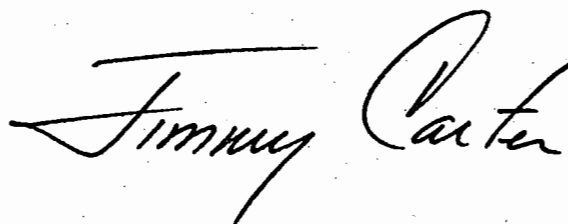
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Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Thomas P. O'Neill, Jr.  
Speaker of the  
U.S. House of Representatives  
Washington, D.C. 20515



8:00 Am

THE PRESIDENT HAS SEEN.

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THE WHITE HOUSE  
WASHINGTON

November 28, 1977

C  
—

CONGRESSIONAL LEADERSHIP BREAKFAST

Tuesday, November 29, 1977

8:00 a.m. ( one hour )

Family Dining Room

From: Frank Moore *F. m. / g.*

I. PRESS PLAN

White House Photo only

II. PARTICIPANTS

The President

Frank Moore

Stu Eizenstat

The Vice President

Jim McIntyre

Dan Tate

Senator Byrd

Bob Thomson

Senator Inouye

Bill Cable

Speaker O'Neill

Bill Smith

Congressman Wright

Congressman Brademas

Congressman Foley

Congressman Rostenkowski

Secretary Schlesinger

III. AGENDA

1. B-1 Bomber. We face another vote on the B-1 when it is considered by the House, Wednesday, November 30, as part of the Supplemental Appropriations Conference report. Chairman Mahon will move to have the House recede and concur in the Senate amendment to rescind the already-appropriated funds for construction of prototypes 5 and 6. Although the House sustained your decision on two occasions, both votes were close (margin of 3 votes; margin of 10 votes).

Senator Byrd is opposed to further production of the B-1 bomber and has been fully supportive of your position. While urging the House leadership to support you on Wednesday, you might take the opportunity to thank Senator Byrd.

2. OPIC. This is optional. I will discuss with you in the morning before the breakfast.

3. Social Security. In reaching a determination as to whether social security should be brought up before the end of this session, several points should be kept in mind.

a. Senator Byrd has told me that he believes that energy is the #1 priority and should remain so. He feels that to the extent we push for social security, we risk sending signals (particularly to Russell Long) that energy is not as urgent an issue as you have indicated.

b. The Senate conferees on social security and the Senate conferees on energy are the same.

c. It is believed in both Houses, that the social security bill will produce large taxes in an election year. If, on the other hand, the bill is passed in '78, the taxes will not become effective until '79 after the elections. There is a growing feeling on the Hill that you are either unaware of or indifferent to the political impact this sort of thing has on Members seeking re-election.

d. If you agree with Senator Byrd that social security can be held over until next session, you should attempt to get a commitment that it will be brought up early in '78.

4. Mid-East Events. You might take the opportunity to discuss briefly your thoughts on recent events in the Mid-East and your expectations for the future.

5. Clinch River Breeder. The word is that Senator Baker is going to ask for an override attempt of your veto of the clinch river breeder. You should ask the leadership if this is the case and if it will be scheduled.

6. Your trip. If your trip will be announced this week, you should make your plans known to the leadership stressing the liabilities of your leaving without a completed energy program.

7. Energy. Ask the leadership for a report. Call on Senator Byrd first.

Probs Mobil/Long  
+ Shell, Texaco

Date certain - Derog  
Price secondary imp

Govt get tax  $1 \rightarrow 34\%$   
Phase in tax credit for

*[Handwritten notes:]*

- new oil = TEC
- not = Schlegel
- Crawville, Bookout
- " = Schlegel
- sent and the
- in New York.

for Tom Barksdale

Notes from  
Conversations  
between President  
+ Directors

11/29/77

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11/29/77  
TP-Long

THE WHITE HOUSE  
WASHINGTON

Long - move

Going overseas

Not much give in House

If come apart - price adj.  
slow in coming

12/15 bring bill in

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THE WHITE HOUSE  
WASHINGTON

November 29, 1977

Bob Lipshutz

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling. The release is set for 12:00 Noon tomorrow.

Rick Hutcheson

cc: Stu Eizenstat  
Jim Gammill  
Bob Linder

RE: EXCEPTING CERTAIN REGIONAL POSITIONS  
FROM THE CAREER CIVIL SERVICE - EO

THE WHITE HOUSE  
WASHINGTON

*cc only  
of EO  
not memos*

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION  
FYI

*For release: noon + row  
(Wed)*

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
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	ENROLLED BILL
	AGENCY REPORT
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	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

*26*

THE WHITE HOUSE

WASHINGTON

November 28, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Robert J. Lipshutz *RJL*

SUBJECT: Excepting Certain Regional Positions from the Career Civil Service

This memorandum transmits, for your signature, an Executive Order amending the civil service rules to except regional director positions in the General Services Administration, ACTION, the Defense Civil Preparedness Agency (DCPA), and the Community Services Administration (CSA). The proposed order was prepared in OMB and has been cleared informally by the Department of Justice as to form and legality.

BACKGROUND

The Administrators of GSA, ACTION, DCPA, and CSA propose that their regional director positions be converted to noncareer to provide the desired flexibility in making key appointments. Chairman Campbell of the CSC opposes on the ground that these are not policy-making positions, but he will accept your determination to the contrary.

Certain positions which are not of a policy-making or confidential nature are excepted from the competitive service because of the impracticality of the examination process (Schedules A and B). Policy-making or confidential positions are also excepted from the competitive service. Generally, these "political jobs" are Schedule C positions if graded at GS-15 or below. However, if the position involves advocacy of Administration position, significant participation in development of Administration political policy, or service as a personal assistant to a key political figure, and is a supergrade position, it may be filled by Noncareer Executive Assignment (NEA).

In 1975 certain agencies sought to have their regional positions excepted from the competitive service, either as Schedule C or NEA. The Civil Service Commission declined

to do so on the ground that the positions did not meet the criteria described above. However, President Ford took the view that the decentralization of Federal policy and decision-making and efforts to involve local governments in Federal program and policy development required certain regional officers to be capable of involvement in determining and advocating Administration policies. Accordingly, he issued special rules specifically exempting regional offices of the Department of the Interior, HEW, HUD, DOT, Labor, Commerce, SBA, and EPA as noncareer positions. At that time GSA and DCPA were excluded from President Ford's designation on the ground that their missions were essentially service functions without major assistance programs or involvement in related domestic policy-making. ACTION and CSA were not considered at that time.

As to the GSA request, Speaker O'Neill also favors this.

#### ISSUE

Should the regional director positions in GSA, ACTION, DCPA, and CSA be converted to noncareer positions?

#### Pros

- The agencies contend that the positions are policy-making and essential to the operational success of their missions.
- They say conversion will allow them to select individuals who can serve as policy advocates and can be drawn from applicants who might not be considered eligible under current career civil service rules. There are a very limited number of minorities or women in the civil service pool at this level.
- The Presidential Personnel Office sees conversion as consistent with Administration policy to defer to agency heads on significant personnel questions.
- The agencies in question often make politically sensitive decisions (i.e., CSA's problem with Zavala County project) and it is important to have regional people who are in political and philosophical agreement with the Administration's goals.

#### Cons

- The Civil Service Commission contends that the positions do not meet existing standards for policy positions. The Commission does generally concede, however, that the distinctions between policy and non-policy positions are not absolute.



- The Commission (and OMB) have pointed out to the agencies that there are potential political risks involved -- President Ford's action was controversial and aroused considerable congressional concern.
- In addition, Chairman Campbell and the President's Reorganization Project urge that a decision be postponed until we see if one of the major proposals -- that of an Executive Management Service -- designed to address the general objective of making senior level appointments, can solve this problem. However, it could be as long as two years before this Service becomes a reality.

DECISION

Convert positions in ACTION, DCPA, CSA, and GSA \_\_\_\_\_  
(OMB, Eizenstat, Lipshutz, and agencies involved recommend)

Take no action at this time \_\_\_\_\_  
(CSC recommends)

Attachment

## EXECUTIVE ORDER

- - - - -

### AMENDING THE CIVIL SERVICE RULES TO EXEMPT CERTAIN POSITIONS FROM THE CAREER SERVICE

By virtue of the authority vested in me by the Constitution of the United States of America, and Sections 3301 and 3302 of Title 5 of the United States Code, and as President of the United States of America, it is hereby ordered as follows:

Section 1. That portion of Section 6.8 of Civil Service Rule VI following the heading "Specified Exceptions." (5 C.F.R. 6.8) is designated subsection (a) and a new subsection (b) is added as follows:

"(b) Positions in the Community Services Administration and ACTION whose incumbents serve as regional director or regional administrator shall be listed in Schedule C for grades not exceeding GS-15 of the General Schedule and shall be designated Noncareer Executive Assignments for positions graded higher than GS-15. Incumbents of these positions who are, on November 29, 1977, in the competitive service shall not be affected by the foregoing provisions of this subsection."

Sec. 2. That portion of Section 9.11 of Civil Service Rule IX following the heading "Career Executive Assignments; selection and assignment." (5 C.F.R. 9.11) is designated subsection (a) and a new subsection (b) is added as follows:

"(b) The regional director or regional administrator positions in the Defense Civil Preparedness Agency and the General Services Administration shall be designated as Non-career Executive Assignments and the Limited Executive Assignments of any incumbents of these positions on

November 29, 1977, are converted to Noncareer Executive Assignments. Incumbents of these positions who are, on November 29, 1977, serving in Career Executive Assignments shall not be affected by the foregoing provisions of this subsection."

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned to the right of a horizontal line.

THE WHITE HOUSE,



MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

29 November 1977

TO: THE PRESIDENT  
FROM: RICK HUTCHESON *R.H.*  
SUBJECT: Additional Staff Comments

Jordan, Eizenstat, Moore and Watson concur with Lipshutz.

Jordan: There are Republican political hacks presently frozen into many of these positions. It is hurting us politically and substantively. If there were professional career people in these slots, I would oppose this change, but that is not the case. To the extent that you think these agency heads should be able to manage their departments and have flexibility in their hiring and firing practices, we should make this change.

Eizenstat: There will probably be some adverse editorial comment, some charges of 'politicizing the Civil Service,' some congressional concern, and some rank-and-file public employee opposition to your converting regional director positions in GSA, ACTION, CSA and DCPA to non-career status. However, in light of the policy-making and advocacy role of these positions, the need to make regional directors more attuned to Administration policy, the need to give agency heads greater flexibility with these key slots, and the several years it will probably take to pass the Senior Executive Proposal through Congress (which the CSC gives as an alternative to this action), we believe it is worth taking the heat to convert the regional directors positions in these four agencies to non-career status. President Ford made similar regional director conversions for eight agencies in early 1975 without any longstanding adverse political impact. Indeed, such action may help still the criticism from Democrats in Congress that the Administration has failed to name enough Democrats to regional positions in the field.

Watson: These positions, considering the large sums of Federal money they affect, should be considered policy-making and therefore non-career.

THE WHITE HOUSE

WASHINGTON

*See will comment*

Date: November 17, 1977

MEMORANDUM

**FOR ACTION:**

Stu Eizenstat *attached*  
Hamilton Jordan  
Bob Lipshutz (Doug Huron)  
Frank Moore (Les Francis) *concur*  
Jack Watson *attached*

**FOR INFORMATION:**

The Vice President  
Jim Gammill

**FROM:** Rick Hutcheson, Staff Secretary

**SUBJECT:** McIntyre memo dated 11/16/77 re Excepting Certain  
Regional Positions from the Career Civil Service

**YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:**

**TIME:** 10:00 AM

**DAY:** Saturday

**DATE:** November 19, 1977

**ACTION REQUESTED:**

☒ Your comments  
Other:

**STAFF RESPONSE:**

☐ I concur. ☐ No comment.  
*Please note other comments below:*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

/	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION	FYI	
	/	MONDALE
		COSTANZA
/		EIZENSTAT
/		JORDAN
/		LIPSHUTZ <i>attn: Huron</i>
/		MOORE
		POWELL
/		WATSON
		LANCE
		SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
/	KING <i>76</i>

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE  
WASHINGTON

November 28, 1977

7  
Hamilton - we should  
have your strong  
concurrence on this -  
or even better - a  
short note.

R. L.

MEMORANDUM FOR THE PRESIDENT

FROM: Robert J. Lipshutz

SUBJECT: Excepting Certain Regional Positions from the Career Civil Service

This memorandum transmits, for your signature, an Executive Order amending the civil service rules to except regional director positions in the General Services Administration, ACTION, the Defense Civil Preparedness Agency (DCPA), and the Community Services Administration (CSA). The proposed order was prepared in OMB and has been cleared informally by the Department of Justice as to form and legality.

## BACKGROUND

The Administrators of GSA, ACTION, DCPA, and CSA propose that their regional director positions be converted to noncareer to provide the desired flexibility in making key appointments. Chairman Campbell of the CSC opposes on the ground that these are not policy-making positions, but he will accept your determination to the contrary.

Certain positions which are not of a policy-making or confidential nature are excepted from the competitive service because of the impracticality of the examination process (Schedules A and B). Policy-making or confidential positions are also excepted from the competitive service. Generally, these "political jobs" are Schedule C positions if graded at GS-15 or below. However, if the position involves advocacy of Administration position, significant participation in development of Administration political policy, or service as a personal assistant to a key political figure, and is a supergrade position, it may be filled by Noncareer Executive Assignment (NEA).

In 1975 certain agencies sought to have their regional positions excepted from the competitive service, either as Schedule C or NEA. The Civil Service Commission declined



to do so on the ground that the positions did not meet the criteria described above. However, President Ford took the view that the decentralization of Federal policy and decision-making and efforts to involve local governments in Federal program and policy development required certain regional officers to be capable of involvement in determining and advocating Administration policies. Accordingly, he issued special rules specifically exempting regional offices of the Department of the Interior, HEW, HUD, DOT, Labor, Commerce, SBA and EPA as noncareer positions. At that time GSA and DCPA were excluded from President Ford's designation on the ground that their missions were essentially service functions without major assistance programs or involvement in related domestic policy-making. ACTION and CSA were not considered at that time.

Additional interest in this matter on the part of Speaker O'Neill argues for acceding to the GSA request at this time.

#### ISSUE

Should the regional director positions in GSA, ACTION, DCPA, and CSA be converted to noncareer positions?

#### Pros

- The agencies contend that the positions are policy-making and essential to the operational success of their missions.
- They say conversion will allow them to select individuals who can serve as policy advocates and can be drawn from applicants who might not be considered eligible under current career civil service rules. There are a very limited number of minorities or women in the civil service pool at this level.
- The Presidential Personnel Office sees conversion as consistent with Administration policy to defer to agency heads on significant personnel questions.
- The agencies in question often make politically sensitive decisions (i.e., CSA's problem with Zavala County project) and it is important to have regional people who are in political and philosophical agreement with the Administration's goals.

#### Cons

- The Civil Service Commission contends that the positions do not meet existing standards for policy positions. The Commission does generally concede, however, that the distinctions between policy and non-policy positions are not absolute.

- The Commission (and OMB) have pointed out to the agencies that there are potential political risks involved -- President Ford's action was controversial and aroused considerable congressional concern.
- In addition, Chairman Campbell and the President's Reorganization Project urge that a decision be postponed until we see if one of the major proposals -- that of an Executive Management Service -- designed to address the general objective of making senior level appointments, can solve this problem. However, it could be as long as two years before this Service becomes a reality.

#### DECISION

Convert positions in ACTION, DCPA, CSA, and GSA \_\_\_\_\_  
(OMB, Eizenstat, Lipshutz, and agencies involved recommend)

JORDAN

Take no action at this time \_\_\_\_\_  
(CSC recommends)

#### Attachment

There are Republican political heads presently frozen into <sup>many</sup> these positions. It is hurt is vs politically and substantively.

If there were professional career people in these slots, I would oppose this change, But that is not the case. To the extent you think these agency heads should be able to manage their departments and have flexibility in their hiring and firing practices, we should make this change.

THE WHITE HOUSE

WASHINGTON

TO: THE PRESIDENT

FROM: JACK WATSON *Jack*  
BRUCE KIRSCHENBAUM

SUBJECT: Comments On McIntyre memo re Excepting Certain Regional  
Position

We wholeheartedly endorse the Presidential Executive Order allowing Jay Solomon to make non-civil service regional director appointments. Those positions, considering the large sums of Federal money they affect, should be considered policy making and therefore noncareer.

We also feel that ACTION, DCPA and CSA deserve similar consideration for the same basic policy reasons, but do not feel such consideration should delay your approving the Executive Order for GSA.

THE WHITE HOUSE

WASHINGTON

November 23, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
STEVE SIMMONS

SUBJECT: McIntyre Memo and Brown Memo  
(on making regional directors  
non-career)

There will probably be some adverse editorial comment, some charges of "politicizing the Civil Service," some Congressional concern, and some rank and file public employee opposition to your converting regional director positions in GSA, ACTION, CSA, and DCPA to non-career status.

However, in light of the policy-making and advocacy role of these positions, the need to make regional directors more attuned to Administration policy, the need to give agency heads greater flexibility with these key slots, and the several years it will probably take to pass the Senior Executive Service proposal through Congress, (which the CSC gives as an alternative to this action), we believe it is worth taking the heat to convert the regional directors positions in these four agencies to non-career status. President Ford made similar regional director conversions for eight agencies in early 1975 without any long-standing adverse political impact. Indeed, such action may help still the criticism from Democrats in Congress that the Administration has failed to name enough Democrats to regional positions in the field.

We understand that Bob Lipshutz is drafting a revised Executive Order to cover all four agencies.

EXECUTIVE ORDER  
-----

AMENDING THE CIVIL SERVICE RULES TO EXEMPT  
CERTAIN POSITIONS FROM THE CAREER SERVICE

By virtue of the authority vested in me by the Constitution of the United States of America, and Sections 3301 and 3302 of Title 5 of the United States Code, and as President of the United States of America, it is hereby ordered as follows:

Section 1. Section 9.11 of Civil Service Rule IX (5 C.F.R. 9.11) is amended by deleting "and those positions in the Environmental Protection Agency" and inserting in lieu thereof "and those positions in the General Services Administration, the Environmental Protection Agency".

Sec. 2. Notwithstanding the provisions of any other Executive Order, incumbents of positions in the General Services Administration described in Civil Service Rule IX, as amended by this Order, who are serving in career executive assignments on the effective date of this Order shall not be affected by such Rule.

THE WHITE HOUSE

, 1977

Date: November 17, 1977

MEMORANDUM

FOR ACTION:

Stu Eizenstat  
Hamilton Jordan  
Bob Lipshutz (Doug Huron)  
Frank Moore (Les Francis)  
Jack Watson

1977 NOV 17 AM 9 48

FOR INFORMATION:

The Vice President  
Jim Gammill

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: McIntyre memo dated 11/16/77 re Excepting Certain  
Regional Positions from the Career Civil Service

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Saturday

DATE: November 19, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

*Please note other comments below:*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: November 18, 1977

MEMORANDUM

## FOR ACTION:

Stu Eizenstat  
Hamilton Jordan  
Bob Lipshutz (Doug Huron)  
Frank Moore (Les Francis)  
Jack Watson

## FOR INFORMATION:

The Vice President  
Jim Gammill

1977 NOV 18 AM 11 44

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Sam Brown memo dated 11/17/77 re ACTION Regional Directors

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Monday

DATE: November 21, 1977

## ACTION REQUESTED:

☒ Your comments

Other:

## STAFF RESPONSE:

☒ I concur.☐ No comment.*Please note other comments below:*

It is our general impression from both field visits and conversations with several Under Secretaries, that Schedule C appointments in the field are essential to assure accountability, confidentiality and commitment to program objectives. Sam's proposal does not represent an increase of personnel in the field, but rather an appropriate redefinition of the functions of those already there.

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THE WHITE HOUSE

WASHINGTON

Date: November 18, 1977

MEMORANDUM

**FOR ACTION:**

Stu Eizenstat  
Hamilton Jordan *nc*  
Bob Lipshutz (Doug Huron)  
Frank Moore (Les Francis) *concur*  
Jack Watson *[signature]*

**FOR INFORMATION:**

The Vice President  
Jim Gammill

**FROM:** Rick Hutcheson, Staff Secretary

**SUBJECT:** Sam Brown memo dated 11/17/77 re ACTION Regional Directors

**YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:**

**TIME:** 10:00 AM

**DAY:** Monday

**DATE:** November 21, 1977

**ACTION REQUESTED:**

☒ Your comments

Other:

**STAFF RESPONSE:**

☐ I concur.

☐ No comment.

*Please note other comments below:*

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



62

WASHINGTON

Date: November 18, 1977

MEMORANDUM

## FOR ACTION:

Stu Eizenstat  
Hamilton Jordan  
~~Bob Lipschutz (Doug Huron)~~  
Frank Moore (Les Francis)  
Jack Watson

## FOR INFORMATION:

The Vice President  
Jim Gammill

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Sam Brown memo dated 11/17/77 re ACTION Regional Directors

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 10:00 AM

DAY: Monday

DATE: November 21, 1977

## ACTION REQUESTED:

☒ Your comments

Other:

## STAFF RESPONSE:

☐ I concur. ☐ No comment.*Please note other comments below:***PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



# ACTION

WASHINGTON, D.C. 20525

OFFICE OF  
THE DIRECTOR

November 17, 1977

## MEMORANDUM

TO : THE PRESIDENT

FROM : SAM BROWN  
DIRECTOR  
ACTION *Sam Brown*

SUBJECT : ACTION REGIONAL DIRECTORS

Before you make your final decision, there are several factors to be considered relative to the need for an Executive Order to give ACTION ten (10) Schedule C positions for our Regional Directors.

Until April 1, 1976, these Regional Directors' positions were Schedule B's rather than career civil service positions. (Since that date, the jobs that become vacant must be filled through the competitive system.) Schedule B's are considered non-confidential and non-policy level but they are appointed outside the competitive system as are Schedule C's. As a result, we inherited five Republican appointees selected before the April 1, 1976, deadline from outside the competitive system, i.e., essentially political appointments. We also inherited two career civil servants also chosen by the Republican Administration as Regional Directors.

We are in the process of terminating the five (5) non-competitive appointees because of their political orientation and general inability to do this job as I believe you intend for me to do it. Vacancies are easier to deal with at this point than administrators who are not philosophically compatible with this Administration.

I believe that these positions are necessarily policy level and politically sensitive because of the character of our programs. To fill those positions with qualified career civil servants will be almost impossible because of four factors that I believe to be essential if we are to turn this Agency around and bring it back to life:

Political Sensitivity: Programs designed to help the poorest of our citizens are often controversial with

the middle class power structure. During the 60's, these programs caused political backlash against the Administration. We need multitalented Regional Directors who have a clear commitment to this Administration's philosophy and can move our programs quickly in that direction, while keeping them free of negative political tampering. They must also keep the programs in the good graces of the political powers who could destroy them. Needless to say, such people are not readily available through the competitive system, and it would be inconsistent with the merit system to require a career civil servant to perform such tasks.

Minority Sensitivity: It is a fact of life in this country that the large majority of those with the most basic unmet human needs are our non-white citizens. Our programs are designed primarily to address the problems of this group. I believe this fact makes it essential to choose Regional Directors who are especially sensitive to these minority communities. Further, I would like to have as wide a variety of people in Regional Directors' jobs as I have been able to place in leadership positions throughout the Agency. The register is too limited in the number of minorities and women at the GS-15 level. Thus, the competitive system can not be manipulated in such a way as to result in a satisfactory mix of competent candidates.

Accountability: Because Regional Directors must have the ability to actively promote the Administration's programs, it is essential that we have Regional Directors who are not only politically astute and philosophically committed but who also understand that they will be held accountable on those issues. I need the flexibility to replace those who are not.

Policy Development and Confidentiality: Our reorganization plan calls for state directors to be our prime administrators. I want to use the Regional Directors in policy development and monitoring with a confidential relationship to me as agency Director. Consistent with our plan to move these programs close to the people, it seems essential to have policy developed at levels other than in Washington.

THE WHITE HOUSE  
WASHINGTON  
November 29, 1977

Stu Eizenstat

The attached was returned in  
the President's outbox. It is  
forwarded to you for appropriate  
handling.

Rick Hutcheson

RE: 1978 MEAT IMPORT PROGRAM

cc; Jim McIntyre  
Zbig Brzezinski

THE WHITE HOUSE  
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION  
FYI

*Stu's memo  
only; send 22-11-12 to*

	MONDALE
	COSTANZA
/	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
/	LANCE JM
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to  
Carp/Huron within  
48 hours; due to  
Staff Secretary  
next day

	ARAGON
	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

November 22, 1977

Electrostatic Copy Made  
for Preservation Purposes

C

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT

Stu

SUBJECT: 1978 Meat Import Program

The Meat Import Act of 1964 requires that a meat import program be established annually. In the attached memorandum, Acting Secretary of Agriculture John White recommends that the United States negotiate voluntary meat export restraints with supplying countries for 1978.

A decision to continue the use of voluntary export restraints will generally be viewed as a responsible balancing of consumer and producer interests. To those producers who favor tighter import restrictions, it is worth pointing out that U.S. exports of livestock products and by-products have been running at levels as high as U.S. imports (in 1976 exports totaled \$1.98 billion; imports \$2.01 billion). We cannot have it both ways. If we are going to sell abroad, we must be prepared to buy as well.

As the attached memo notes, domestic meat prices are expected to strengthen in 1978. If this occurs, it is conceivable we will want to reduce or even eliminate restraints on imports the following year.

You will recall that during Mrs. Carter's visit to Costa Rica earlier this year, she was asked about an increase in the meat import quota for that country. In response to this, the State Department reallocated to Costa Rica an additional 5.3 million pounds of the 1977 quota that was not being used by other countries. This was negotiated with several countries and was done with the understanding that the 1978 allocation of quotas would conform to that used this year. Jules Katz, Assistant Secretary of State, said that Costa Rica is pleased with the outcome.

This issue has been discussed by the Working Group on Food and Agricultural Policy, and they are unanimous in recommending that we negotiate voluntary export restraints totaling 1,298 million pounds. We concur in this recommendation. If you approve, we will instruct the State Department to begin negotiations.

DECISION

☒            Approve  
☐            Disapprove

\*Attached is a copy of your campaign statement on beef import quotas.







DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

WASHINGTON, D. C. 20250

NOV 11 1977

MEMORANDUM FOR THE PRESIDENT

SUBJECT: 1978 Meat Import Program

I am required by the Meat Import Act of 1964 to estimate annually the amount of fresh, chilled, or frozen beef and veal that would be imported into the United States in the absence of any trade restraint. If this estimate exceeds 110 percent of an adjusted base quantity of imports specified in the Act, you are required to invoke quotas restricting imports to the adjusted base. However, you may suspend these quotas under certain conditions, including a determination that voluntary export restraints negotiated with supplying nations will ensure that the intent of the Act is carried out.

For 1978, the adjusted base quantity of imports allowed under the Act is 1,180 million pounds. The trigger level for imposition of a quota (110 percent of the adjusted base quantity) is 1,298 million pounds. In the absence of any trade restrictions, we estimate imports of 1,480 million pounds. Since the quantity of unrestricted imports exceeds the trigger level, you must either (a) invoke quotas restricting imports to 1,180 million pounds, or (b) suspend the quotas on either one of two grounds--that voluntary trade agreements will be in force or that the supply of meat will be inadequate to meet domestic demand at reasonable prices.

The objectives of the Meat Import Act have been satisfied in a variety of ways in recent years. In 7 of the last 9 years, including 1977, imports of meat covered by the Act have been limited by voluntary export restraints negotiated with supplying countries. In three of these years, the restraint program was negotiated above the trigger level and in the remaining years the programs were below the trigger level. From mid-1972 through 1974, no restraints on imports were in effect, due to the fact that domestic supplies were declining and consumer beef prices were increasing.

USDA currently has a study underway to evaluate the need to change the existing meat import act. We are expecting the results of that study will be available shortly.

During the Presidential campaign, you called for vigorous enforcement of the Meat Import Act and called upon President Ford to enforce and tighten the quotas.

#### Meat and Livestock Situation

This year marks the third consecutive year of U.S. cattle herd liquidation and industry losses as a result of cost/price pressures and drought conditions. Cattle and calf slaughter in both 1976 and 1977 has exceeded the calf crop for the first time since 1947. The outlook for 1978 remains uncertain although the final stages of the downside of the cattle cycle are thought to be nearing. Commercial beef production is expected to be down about 5 percent from the 1977 level and to consist of a higher percentage of fed beef than during 1977. Lower corn prices have encouraged this shift to cattle feeding. As a result of these lower feed costs, efficient producers are probably now showing a modest profit. However, producers are in a much poorer financial condition than prior to 1974.

A 4 to 8 pound drop in the per capita availability of beef in 1978 and rising consumer demand is expected to push beef prices 4 to 7 percent above the 1977 level. Large supplies of competing meats will temper beef price rises next year. Pork prices are expected to fall 3 to 6 percent below the 1977 level. Retail prices for frying chickens and turkeys are expected to average 3 to 9 percent below 1977.

#### Options

The Working Group on Food and Agricultural Policy (representing the Departments of Agriculture, State, and Treasury, and OMB, CEA, STR, and NSC) considered three options to comply with the objectives of the Act:

- (1) Negotiate voluntary restraints at or near the 1978 trigger level (1,298 million pounds).
- (2) Invoke quotas of the 1978 adjusted base level at 1,180 million pounds.
- (3) Suspend quotas with no restraints on imports.

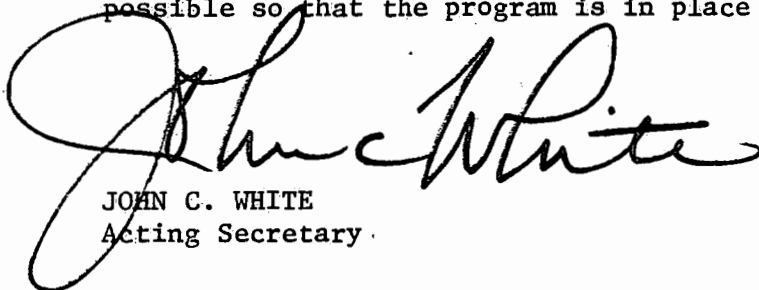
A number of factors were considered in evaluating these options:

U.S. quota actions taken unilaterally are opposed by foreign governments, and could constitute a technical violation of GATT. This could result in possible demands for compensation or retaliation by major supplying countries.

The beef industry had serious setbacks over the past three years and many producers have consistently lost money. To allow unrestrained imports at this time, or even to go above the quota level of 1,180 million pounds, when prices are just beginning to recover, would be vigorously opposed by livestock producers.

Consumer prices for beef are expected to rise under a program of voluntary export restraints, adding an additional \$400 million to the consumers' food bill. Nevertheless, it is doubtful that the additional 1 to 2 percent increase in beef prices that is attributable to voluntary restraints provides sufficient grounds for suspending quotas.

On the basis of this evaluation, members of the Working Group unanimously recommend that we negotiate voluntary export restraints totaling 1,298 million pounds. If you agree with this decision, it is important that you instruct the State Department to begin negotiations of the individual restraint agreements as promptly as possible so that the program is in place by December 31, 1977.



JOHN C. WHITE  
Acting Secretary

DECISION

☒ Approved  
☐ Disapproved

JC

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for Preservation Purposes


BRZEZINSKI  
COMMENT

THE WHITE HOUSE  
WASHINGTON~~CONFIDENTIAL~~~~CONFIDENTIAL/GDS~~

November 29, 1977

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI 

SUBJECT: 1978 Meat Import Program

Your decision on the 1978 Meat Import Program, as presented in the            memoranda from Stu Eizenstat and John White, should be taken in light of (1) conversations between yourself, Mrs. Carter and President Oduber of Costa Rica and (2) The Administration's desire to be especially responsive to the export needs of developing nations. All GATT nations have accepted the principle of "special and differential" treatment for LDC exports to industrialized countries.

I concur with the recommendations of the State and Agriculture Departments that the US negotiate a 1978 meat import program on the basis of the present voluntary restraints and allocation of imports.

However, I recommend that if shortfalls occur during the course of 1978, the amounts be allocated to developing country suppliers, as was just done with regard to the 1977 program. The 1978 agreements with meat suppliers should allow for such allocations to LDC suppliers, if you so decide. In addition, I recommend that the State Department be asked to develop a negotiating strategy for a meat import program in 1979. If we apply voluntary restraints in that year we should be prepared, well in advance of contacts with foreign suppliers, to consider means of providing improved access to new-to-market suppliers such as Costa Rica. I believe that we can take such a step and allow Australia and New Zealand to maintain or increase slightly the absolute levels of their exports.

RECOMMENDATIONS

That any shortfalls in the 1978 meat import program be allocated to developing country suppliers.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

That the State Department be asked to develop a negotiating plan for 1979 which includes measures to provide improved access to new-to-market suppliers.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

2/13/80 Jay

CAMPAIGN  
STATEMENT

# JIMMY CARTER WALTER MONDALE



## Leaders, for a change.

FOR IMMEDIATE RELEASE  
FRIDAY, OCTOBER 8, 1976

2:50 PM MPT  
Airport RA

### CARTER CALLS FOR TIGHTER BEEF IMPORT QUOTAS

EL PASO, Tex.--During my travels across the country, I have had several chances to speak with farmers and ranchers and discuss agricultural matters.

All have agreed that one of the most serious problems facing our agricultural community is the plight of our nation's cattle producers. For the last three years, cattle producers have been losing \$50 to \$100 on each animal they sell. Many cattle producers are being forced out of business.

Consumers, too, will suffer in the long run if the present conditions are allowed to continue -- as fewer and fewer cattle are raised for market, beef prices may once again skyrocket to their 1973 levels.

This situation demands immediate action. We must vigorously enforce the beef import law of 1964.

While cattle farmers have suffered, President Ford and former Secretary of Agriculture Butz have hesitated to protect cattle raisers from meat imports that exceed the legally permissible amount. This Administration has apparently permitted beef imports in excess of the trigger level for quotas.

President Ford should immediately move to enforce and tighten the quotas to provide greater protection against foreign imports and to help our cattle producers by curbing the rate of imports.

(more)

President Ford should also immediately enforce the spirit and letter of the law in regard to "free trade zone" imports, such as those from Mayaguez, Puerto Rico, so that beef import laws will not be circumvented. Beef importation in excess of the law is not only an evasion of the law, it poses a threat to our domestic cattle growers and should be stopped immediately.

###

FOR FURTHER INFORMATION, CONTACT: Betty Rainwater, 404-897-5137.



THE WHITE HOUSE

WASHINGTON

Date: November 22, 1977

*COB. more w/15  
rings 7:45 am*

MEMORANDUM

FOR ACTION:

Watson - *concur* by phone  
McIntyre - *concur* by phone  
Brzezinski *100D - problems*

FOR INFORMATION:

The Vice President  
Lipshutz  
Moore *concur w/15*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Eizenstat memo re 1978 Meat Import Program

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 10:00 a.m.

DAY: Wednesday

DATE: November 23 -- IMMEDIATE TURNAROUND

*Moore 9 am from  
ZTB - assigned  
to a legal dept  
11/23  
TS*

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

Please note other comments below:

*10/2  
11/25 -  
No comment. cleared and all  
work to litigation  
w/ ZTB  
TS*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE  
WASHINGTON

November 22, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT: 1978 Meat Import Program

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As the attached memo notes, domestic meat prices are expected to strengthen in 1978. If this occurs, it is conceivable we will want to reduce or even eliminate restraints on imports the following year.

You will recall that during Mrs. Carter's visit to Costa Rica earlier this year, she was asked about an increase in the meat import quota for that country. In response to this, the State Department reallocated to Costa Rica an additional 5.3 million pounds of the 1977 quota that was not being used by other countries. This was negotiated with several countries and was done with the understanding that the 1978 allocation of quotas would conform to that used this year. Jules Katz, Assistant Secretary of State, said that Costa Rica is pleased with the outcome.

This issue has been discussed by the Working Group on Food and Agricultural Policy, and they are unanimous in recommending that we negotiate voluntary export restraints totaling 1,298 million pounds. We concur in this recommendation. If you approve, we will instruct the State Department to begin negotiations.

DECISION

\_\_\_\_\_ Approve  
\_\_\_\_\_ Disapprove

\*Attached is a copy of your campaign statement on beef import quotas.